

CITY OF DANVILLE, VIRGINIA  
*Office of Economic Development*

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For Immediate Release

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*~Winner of the Durham Hosiery Contest~*

DANVILLE – The City of Danville Office of Economic Development recently held a contest for the best reuse of the Durham Hosiery Building, located at 525 Lynn Street in the River District. The goal of the contest was to select a project that would work in the community and be financially feasible and sustainable. The winning proposal is to renovate the building into apartments that may appeal to the student market.

The contest generated 14 submittals and included ideas such as a craft store, a food court and showroom center, incubator space for small businesses, a child care facility, a disaster recovery data center, a theatre for the performing arts, a children's activity center, a mixed-use development featuring office, retail and residential components, a shopping and dining entertainment facility, and a residential project featuring one and two bedroom apartments, specifically designed to function as student housing and temporary accommodations for visiting faculty.

Three judges, all experienced in redeveloping properties, were chosen from the private sector to select the winner. After careful consideration, the judges chose the submission by Bill Scantland

of BTR Communities Group, LLC and Nancy Eanes of the Institute for Advanced Learning and Research. Both submissions focused on the need for student housing in the River District.

One of the judges, Patrick Reilly of Rehab Development, who is responsible for the redevelopment of the Ferrell Building, opened up with his thought process on how the ultimate submission was chosen. "I applaud the City's vision in opening up this "brainstorming" contest to the public since it provided several very interesting and diverse ideas. It is nice to see what a high level of interest there is in redeveloping River District properties."

Another judge, Bennis Butler of Prudential Manasco Realty, offered his thoughts regarding the contest as well. "Additionally, a residential property, as opposed to some of the other ideas would have a synergistic effect on downtown and would be more likely to secure financing."

Patrick Reilly added, "As a developer, when looking at potential solutions and uses for historic properties the first thing I look at is the financial viability and sustainability of a potential project concept. Can the capital needed to build the project be raised, and can the project independently sustain its operational expenses upon completion, while paying investors a rate of return high enough for them to assume the capital investment risk associated with the development of said project?"

Patrick Reilly further added, "I think this type of project could potentially be funded. Banks are very skittish to fund almost any commercial and retail development unless it is going to be owner occupied and the owner/occupier has a very strong financial statement. Due to the overall size of the building, an owner occupier seems unlikely to me. Additionally, an owner/occupier would complicate and quite possibly negate federal historic tax credits from being a funding source of equity that could contribute to the project as the property would not be deemed an "income producing" property. Conversely, lenders I have recently spoken with are much more apt to loan on multifamily residential real estate developments, provided that the market study indicates an appropriate level of demand exists, the financial model/project pro-forma appears to be strong enough, and the personal financial statements of the guarantors warrant the perceived risk to the bank for them to make the loan."

"Additionally I believe that implementing a project like this and getting more people to live downtown will ultimately lead to economic development and job creation in the downtown area. If a project like this adds another 100-150 residents to the downtown area the overall economic impact could be incredible. I also like the concept due to the fact that it is unique. There are already market rate units at the Lindsay Lofts and the Burton Condos, affordable housing at the Lynn Street Lofts, mixed-age, mixed-income units at the Crossing Apartments and soon there will be additional market rate lofts at the Ferrell Building. The student concept seems like a natural way to add diversity to the downtown area," stated Reilly.

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